

COMMONWEALTH OF KENTUCKY  
BEFORE THE PUBLIC SERVICE COMMISSION

In the Matter of:

APPLICATION OF KENERGY CORP. FOR A	)	CASE NO.
GENERAL ADJUSTMENT IN RATES	)	2015-00312

ORDER

The Commission, on its own motion, finds that Kenergy Corp. (“Kenergy”) should present as a witness its President and Chief Executive Officer, Jeff Hohn, at the hearing scheduled for this matter on May 10, 2016, to testify on measures that Kenergy has taken and will undertake to manage its costs and improve operational efficiencies. The Commission recognizes that Mr. Hohn has been employed with Kenergy only since October 2015, and did not file prepared testimony, but we find that cases of this nature should be supported by the testimony of the applicant’s top executive. However, in light of Mr. Hohn’s recent employment at Kenergy, we will limit his testimony to the topics described above.

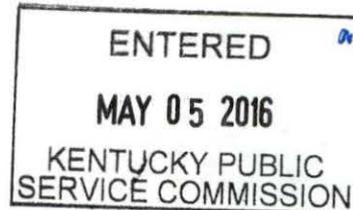
The Commission also, on its own motion, finds that a letter dated April 29, 2016, from Kenergy to Commission staff counsel concerning the status of Kenergy’s implementation of an advanced metering infrastructure system and proposing a methodology regarding the elimination of a 20-day billing lag and the resulting impact on members’ bills should be entered into the record of this case. Kenergy’s April 29, 2016 letter is attached hereto as the Appendix. To the extent that Kenergy’s proposed methodology may have an impact on revenues and/or customers’ bills, Kenergy should

present a witness at the May 10, 2016 hearing who is knowledgeable on the issues and able to address questions that may be asked.

IT IS HEREBY ORDERED that:

1. Kenergy shall present Jeff Hohn as a witness at the hearing scheduled for this matter on May 10, 2016, for the purpose of providing testimony on behalf of Kenergy as described in the findings above.
2. Kenergy's April 29, 2016 letter is filed in and made a part of the official record of this case.
3. Kenergy shall make a witness available at the May 10, 2016 Hearing to testify on the issues presented in its April 29, 2016 letter.

By the Commission



ATTEST:

  
Acting Executive Director

APPENDIX

APPENDIX TO AN ORDER OF THE KENTUCKY PUBLIC SERVICE  
COMMISSION IN CASE NO. 2015-00312 DATED **MAY 05 2016**

DORSEY, GRAY, NORMENT & HOPGOOD

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April 29, 2016

Mr. Quang Nguyen  
Public Service Commission  
Post Office Box 615  
Frankfort, Kentucky 40602

RECEIVED

MAY -2 2016

Public Service  
Commission

Re: Billing Lag

Dear Quang:

Kenergy's installation of automated meters is nearly complete and the system will soon be activated. This system will provide Kenergy with real time usage information enabling more current billing of energy. This in turn eliminates the billing lag that resulted from member read meters. Simply, we no longer have to wait for the member to submit his meter reading. However, the billing lag that has resulted from member read meters is 20 days and Kenergy does not desire to impose an extra 20 days of usage on the member's bill at once.

Kenergy appears to be the only cooperative to have gone from member read meters to automated meters. We believe other cooperatives have eliminated the billing lag through their intermediary contract meter readers. We can find no PSC authority discussing the proper methodology for eliminating the billing lag.

Part of our cost justification for AMI was eliminating the billing lag caused by the lengthy period that members were given to turn their own readings in. Essentially, Kenergy will be turning the billing lag into cash. The cushion of credit rate of return on the billing lag cash is substantial.

Rather than bring current the entire 20 day lag at once, Kenergy proposes to gradually bring in extra days energy usage per month along with a pro-rated amount for the demand or customer charge and unmetered outdoor lighting. A spreadsheet for the different billing cycles is attached showing how the 20 days would be captured. Spreading this out over the course of a year will ease the impact on our members. Kenergy's average billing cycle prior to AMI was 30.4 days. As you can see from the spreadsheet, the days billed per billing period will increase to 32 except for May and June which will increase to 33. Once the billing lag is caught up, Kenergy will return to the prior average days billed per cycle.

Because of a lack of precedent, we are submitting this to the PSC for its review and direction to Kenergy for any action beyond this notification.

We look forward to hearing from you and if further information is needed, please advise.

Very truly yours,

DORSEY, GRAY, NORMENT & HOPGOOD

By

  
J. Christopher Hopgood  
Counsel for Kenergy Corp.

JCH/cds

Cycle 1				Cycle 4				Cycle 7				Cycle 10							
Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed
Jan	1	11/8	12/10	32	Jan	8	11/15	12/17	32	Jan	15	11/22	12/24	32	Jan	21	11/28	12/30	32
Feb	1	12/10	1/11	32	Feb	8	12/17	1/18	32	Feb	15	12/24	1/25	32	Feb	21	12/30	1/31	32
March	1	1/11	2/12	32	March	8	1/18	2/19	32	March	15	1/25	2/26	32	March	21	1/31	3/4	32
April	1	2/12	3/16	32	April	8	2/19	3/23	32	April	15	2/26	3/30	32	April	21	3/4	4/5	32
May	1	3/16	4/18	33	May	8	3/23	4/25	33	May	15	3/30	5/2	33	May	21	4/5	5/8	33
June	1	4/18	5/21	33	June	8	4/25	5/28	33	June	15	5/2	6/4	33	June	21	5/8	6/10	33
July	1	5/21	6/22	32	July	8	5/28	6/29	32	July	15	6/4	7/6	32	July	21	6/10	7/12	32
Aug	1	6/22	7/24	32	Aug	8	6/29	7/31	32	Aug	15	7/6	8/7	32	Aug	21	7/12	8/13	32
Sept	1	7/24	8/25	32	Sept	8	7/31	9/1	32	Sept	15	8/7	9/8	32	Sept	21	8/13	9/14	32
Oct	1	8/25	9/26	32	Oct	8	9/1	10/3	32	Oct	15	9/8	10/10	32	Oct	21	9/14	10/16	32
Nov	1	9/26	10/28	32	Nov	8	10/3	11/4	32	Nov	15	10/10	11/11	32	Nov	21	10/16	11/17	32
Dec	1	10/28	11/29	32	Dec	8	11/4	12/6	32	Dec	15	11/11	12/13	32	Dec	21	11/17	12/19	32
Cycle 2				Cycle 5				Cycle 8				Cycle 11							
Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed
Jan	3	11/10	12/12	32	Jan	10	11/17	12/19	32	Jan	17	11/24	12/26	32	Jan	24	12/1	1/2	32
Feb	3	12/12	1/13	32	Feb	10	12/19	1/20	32	Feb	17	12/26	1/27	32	Feb	24	1/2	2/3	32
March	3	1/13	2/14	32	March	10	1/20	2/21	32	March	17	1/27	2/28	32	March	24	2/3	3/7	32
April	3	2/14	3/18	32	April	10	2/21	3/25	32	April	17	2/28	4/1	32	April	24	3/7	4/8	32
May	3	3/18	4/20	33	May	10	3/25	4/27	33	May	17	4/1	5/4	33	May	24	4/8	5/11	33
June	3	4/20	5/23	33	June	10	4/27	5/30	33	June	17	5/4	6/6	33	June	24	5/11	6/13	33
July	3	5/23	6/24	32	July	10	5/30	7/1	32	July	17	6/6	7/8	32	July	24	6/13	7/15	32
Aug	3	6/24	7/26	32	Aug	10	7/1	8/2	32	Aug	17	7/8	8/9	32	Aug	24	7/15	8/16	32
Sept	3	7/26	8/27	32	Sept	10	8/2	9/3	32	Sept	17	8/9	9/10	32	Sept	24	8/16	9/17	32
Oct	3	8/27	9/28	32	Oct	10	9/3	10/5	32	Oct	17	9/10	10/12	32	Oct	24	9/17	10/19	32
Nov	3	9/28	10/30	32	Nov	10	10/5	11/6	32	Nov	17	10/12	11/13	32	Nov	24	10/19	11/20	32
Dec	3	10/30	12/1	32	Dec	10	11/6	12/8	32	Dec	17	11/13	12/15	32	Dec	24	11/20	12/22	32
Cycle 3				Cycle 6				Cycle 9				Cycle 12							
Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed	Month	Billing Date	Reading from	dates to	# days Billed
Jan	6	11/13	12/15	32	Jan	13	11/20	12/22	32	Jan	20	11/27	12/29	32	Jan	27	12/4	1/5	32
Feb	6	12/15	1/16	32	Feb	13	12/22	1/23	32	Feb	20	12/29	1/30	32	Feb	27	1/5	2/6	32
March	6	1/16	2/17	32	March	13	1/23	2/24	32	March	20	1/30	3/3	32	March	27	2/6	3/10	32
April	6	2/17	3/21	32	April	13	2/24	3/28	32	April	20	3/3	4/4	32	April	27	3/10	4/11	32
May	6	3/21	4/23	33	May	13	3/28	4/30	33	May	20	4/4	5/7	33	May	27	4/11	5/14	33
June	6	4/23	5/26	33	June	13	4/30	6/2	33	June	20	5/7	6/9	33	June	27	5/14	6/16	33
July	6	5/26	6/27	32	July	13	6/2	7/4	32	July	20	6/9	7/11	32	July	27	6/16	7/18	32
Aug	6	6/27	7/29	32	Aug	13	7/4	8/5	32	Aug	20	7/11	8/12	32	Aug	27	7/18	8/19	32
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Oct	6	8/30	10/1	32	Oct	13	9/6	10/8	32	Oct	20	9/13	10/15	32	Oct	27	9/20	10/22	32
Nov	6	10/1	11/2	32	Nov	13	10/8	11/9	32	Nov	20	10/15	11/16	32	Nov	27	10/22	11/23	32
Dec	6	11/2	12/4	32	Dec	13	11/9	12/11	32	Dec	20	11/16	12/18	32	Dec	27	11/23	12/25	32

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